



BELTRAMI ISLAND FARMS
(Minnesota)

With the decline of agricultural prices after the World War, it became evident that many people had established themselves on land unfit for successful farming. After the economic crisis of 1929-30, the pressure of population on the land increased and the distress of those in the poorer areas grew steadily worse. In order to maintain public services for the tax-delinquent farmers located on this poor land, the better situated farmers in these regions and the taxpayers in other parts of the farming states had to carry a steadily mounting tax burden. A large part of the local school cost was met with state aid, and counties and states had to shoulder road costs and relief in many townships.

It became apparent that steps had to be taken to ease these inequitable tax burdens, or at least to prevent future costly settlement of submarginal lands. In 1934 the Federal Government began a small program of helping farm families to move out of submarginal areas and get a new start on better land elsewhere.

In northern Minnesota, two cut-over forest areas were chosen for an experiment in this sort of relocation. Here the need for some such action was unusually pressing. Better land was available nearby, and relocation would involve a minimum of expense and social readjustment.

One of the two areas was the Beltrami Island region, covering about 742,000 acres, of which approximately 7 percent lay in Roseau County, 50 percent in Lake of the Woods County, and 43 percent in Beltrami County. The other was on Pine Island in adjoining Koochiching County, containing 814,000 acres. Both areas together extended over an area of one and a half million acres, in which a scattered population of 480 settlers were living.

It was planned to move these farmers out of the submarginal cut-over areas and give them a new start on better land, where they would be able to get all available government services at a considerable saving to the local taxpayers. The submarginal land was to be taken out of cultivation and put to better uses. The northern Minnesota relocation program covering these two areas soon became popularly known as the "Beltrami Island Project."

Poor Land and Forests

Except for occasional Indian and white hunters and trappers, the heavily-wooded Beltrami Island area was almost ignored by man until the beginning of the Twentieth Century. The region was extremely cold in the winter, and the growing season was short and variable. The climate discouraged the growing of corn as a reliable crop and made Beltrami a grass, small grain, potato, and root-crop country.

Around 1900, however, with the passing of the frontier and the more

valuable "free land," settlers began moving into the large open meadows and started to homestead on the land along the rivers. The earliest settlers came searching for farms, not for timber. For hundreds who moved in later, however, the thick stands of virgin timber were the chief attraction. The heaviest migration into the area took place with the saw-mill operations of large lumber companies between 1910 and 1920, though homesteading continued on many very poor or inaccessible tracts as late as 1930.

Most of the land to which the more recent settlers have migrated, particularly during the depression years, was cut-over land which originally had been either swamp or poorly drained upland, impossible to farm unless artificially drained. Extensive drainage systems were constructed in some parts of the area; but many of them later proved to be impractical because much of the brush and swamp land remained unproductive even when drained. The high expense of drainage which was assessed against the land could not, in most cases, be paid. After the timber was gone the settlers' cash income was not large enough to pay the heavy ditch liens, and tax delinquency mounted. Various acts were passed by the state legislature to relieve this situation, but they brought only temporary relief to the people who had lost their main livelihood when the large lumber mills moved out.

With the depletion of the timber resources, many of the people moved out, too, but many others stayed. Those who remained were able to make only very small cash incomes—less than \$100 per family annually from farming, and less than \$300 per family annually from all sources. Most of the farm income came from the sale of dairy products, beef, mutton, wool, hay, grass seed, and a few eggs.

There was some Government employment, including road construction and maintenance, hauling children to school, fighting fires, and carrying mail. Private employment consisted principally of labor in the nearby sawmills, in fisheries at Warroad, on farms north of the area, and in the North Dakota grain harvest. Some income was obtained from trapping and the sale of blueberries.

Despite low cash income, the economic conditions of some Beltrami families were not severely acute, because the non-cash income of these families was fairly adequate. Many had good-sized gardens and some livestock. Deer, grouse and rabbits made important additions to the family larder. The cash cost of such items as flour and a few groceries and clothing was small. Moreover, the families paid no rent and could get fuel for the labor of cutting.

However, these people were unable to get adequate public services or advanced schooling for their children. The area contained no high schools. The primary schools were unsatisfactory and transportation for the children was difficult. Furthermore, these schools and the roads were almost completely subsidized by taxation of the rest of the county and by state aid.

Altogether the state and counties were paying between \$20,000 and \$30,000 more per year for schools, roads, and relief in Beltrami Island than this area was yielding in taxes, and at the same time, Beltrami families were inadequately served. Medical services were not immediately available and at times were almost impossible to obtain. Only one church was ever able to prosper, and it did so because a non-resident minister contributed his services. There was an economic unbalance in the Beltrami region which was becoming increasingly costly to the people of the community, the county, and the state.

Evacuation to Better Land

Early in 1934 the Land Policy Section of the Agricultural Adjustment Administration began planning a few demonstration projects for the retirement of submarginal land and the relocation of settlers. The Beltrami and Pine Island area was chosen as the site for one of the first projects, and a preliminary plan was drawn up and presented to the Minnesota Rural Rehabilitation Corporation for approval. The corporation, which had been established under the State Emergency Relief Administration to aid needy farmers in Minnesota, agreed to use emergency relief funds at its disposal to buy up land on which to relocate needy farmers and help them get a fresh start. The submarginal land which was to be retired from agricultural use was purchased by the AAA and other federal agencies.

Most of the 1,560,000 acres of submarginal land in the Beltrami and Pine Island region had already reverted to the State through tax delinquency. Another 80,000 acres in the area was part of the United States public domain and had never been homesteaded; and 170,000 acres of privately-owned land was held by timber companies solely for the timber, and contained few settlers. Therefore, the Government had to buy only a relatively small amount of land--about 110,000 acres owned by both residents and non-residents.

In the Beltrami area a reforestation and forest protection program was undertaken on the retired acreage. In addition, wild life refuges were established, and recreational facilities were set up for public use. On the Pine Island tract, a program of game and fish conservation was developed along with forest and recreational improvements.

The entire project was transferred to the Resettlement Administration in 1935. The following year the development and management of the retired land was placed under the Soil Conservation Service. The resettlement work, involving loans and technical assistance for the relocated families, was administered for the State Rehabilitation Corporation by the Resettlement Administration for two years, and since 1937 by the Farm Security Administration, its successor.

The resettlement program has been developed along the lines of the original plans. Loans from corporation funds have been made to

families to enable them to buy land in the relocation area, and for house construction and farm tools. Total expenditures have amounted to about \$515,000, of which approximately \$460,000 represents expenditures from corporation funds (either by the corporation or by the Farm Security Administration as managerial agent). The remainder represents Farm Security expenditures.

State forest rangers, county and school officials, boards of county commissioners, and local business men were consulted in working out a plan for resettling Beltrami and Pine Island families. These local groups actively supported the government proposal, and gave freely of their time and information.

The first task for the Government was the appraisal and purchase of land which was to be taken out of cultivation. The only basis for evaluating it was the savings which the county and state would realize from its retirement, since the area was yielding much less every year than it cost to maintain schools, roads, and relief for the families living there. Capitalizing the tax deficiency at 5 percent, it was apparent to the county, state and Federal Governments that it would be worth the cost of the land to evacuate the area and place the people where they could pay their own way. With a basis for appraisal thus determined, it was possible to proceed with optioning.

It was necessary to adjust taxes and debts in such a way that each family would have some little equity remaining after sale of property. Through the efforts of the project staff and the cooperation of creditors and county commissioners, liberal adjustments in taxes and debts were obtained, which in most cases left the family with some cash.

Getting a Fresh Start

Each family was allowed to make final selection of its future farm and was consulted at every step in working out plans for its development. There was a wide choice of farms for the settlers. All suitable land within the relocation area that was offered for sale was checked by a soil specialist on quality of soil drainage, and other physical characteristics, and appraised by an experienced appraiser. If the land was found to be satisfactory, it was listed as available for purchase by relocated families.

No attempt was made to locate a large number of families in any particular community. Each was free to choose his own location. Often a family decided on a piece of land for sale that had not been listed in the project office. If the land, after soil check and appraisal, was found to be suitable and was reasonably priced, it was purchased as readily as any regularly listed land.

Title on the land purchased for relocation farms was transferred

directly from original owner to resettled family. To effect the purchase, the Government made real estate loans to the new owners, at 4 percent interest and based generally on a 20-year payment plan. In addition, five-year chattel loans were made at 5 percent interest to enable the settlers to buy farm tools and livestock.

It was not necessary to assist all of the evacuated families to get resettled on good farming units. A good many were financially able to handle their own problems, and resettled themselves as and where they chose.

A few others were too old to farm, were in bad health, or were otherwise incapacitated so that they were more or less dependent on relief. These families were relocated in or near towns or villages in their respective counties, where they would have medical assistance and other services when needed, and could get help from local relief agencies. The state emergency relief administration authorized not more than \$600 for the rehabilitation of each of these families. Land and buildings acquired with this money were deeded to the county with the understanding that the families would have the right to live on the property as long as they needed it. When the families were thus established, the county relief organization and county commissioners became responsible for their permanent care.

Another group, still smaller, included several families who were young and able to operate farms, but preferred to work for wages rather than to accept the responsibility and risk of operating a farm of their own. For this group a subsistence homestead program was worked out, which would provide each family with a small plot of land and a comfortable home. A large part of the family living could be produced on the land, but most of the income would come from outside employment. Employment was largely limited, however, to work on farms and odd jobs in the towns and on the roads, since there were no large industries in the area.

Most of the families fell in the fourth group--those who wanted to farm on a full-time basis and were able to do so, but who needed financial aid as well as assistance in selecting farms, acquiring title, and working out practical plans for development and operation.

To provide for the support of families settling relatively undeveloped land, the Minnesota "grubstake principle" was worked out. This plan was designed to meet the needs of settlers with little capital or resources other than their own labor and experience, and to give them a start on a new farm where all their energies and past experience could be best used.

Under the grubstake plan, the settler purchases land (usually undeveloped) with good agricultural possibilities, and improves it himself as far as possible. So that he may live and secure the needed materials and equipment, he borrows from the Government an amount not exceeding 60 percent of the value of the improvements added by his own

efforts. This plan gives settlers a chance to capitalize their own labor, which is their principal resource, and to reduce their financial obligations to a minimum.

Readjustment with the Land

The 214 farm units comprising Beltrami Island Farms contain 23,127 acres of land located largely in four counties: Beltrami, Lake of the Woods, Roseau, and Koochiching. Project headquarters is at Baudette. Although the borrowers are not required to accept technical aid and advice, most of them have been glad to get "supervision" from the Government staff in matters such as land purchase, planning of development, planning of buildings, and farm management.

Types of farms purchased for resettlement have varied all the way from wild land with no improvements to well developed farms. Some families with considerable finances of their own decided they could build up their own farms from wild land as cheaply, and more to their liking, than they could if they bought developed places. Families with little or no money generally located on farms that required considerable development work so that, by using the grubstake principle, their loans could be kept at a minimum and they could reasonably expect to pay them in full.

Some borrowers bought vacated houses and moved them by trucks, remodeling to suit themselves when the house reached its new foundation. Some of the homes and barns on the evacuated farms were good structures, also, and were moved from the old sites to the new. Where new construction was necessary, the borrower planned his own buildings, with the assistance of the project staff, and did as much of the work himself as possible.

In the selection of farms, the location of schools, roads and market facilities were considered. Since this is the "infiltration" type of project--that is, as the settlers "filtered in" to the existing communities--no additional costs were involved for roads, schools or other community developments. Borrowers merely took their places among other taxpayers in the community in helping provide these facilities.

The chief farm products are small grains, alfalfa, clovers, and livestock. The production of clover and alfalfa seed for market is one of the leading farm enterprises of the section, but the growing of this seed is rather uncertain, and emphasis has been placed on livestock production. Each borrower has been encouraged to work out a livestock program that would at least furnish the income necessary to pay the operating expenses of the farm and family, and enable the borrower to make his payments regularly. Those who have more productive land than is needed to furnish feed for their livestock are encouraged to devote the rest of their land to producing seed.

A cooperative seed marketing association has been organized, and in the 1939 crop year it handled about 3,000,000 pounds of seed. It is equipped with strictly modern cleaning machinery and is attempting to build up a reputation for clean, pure alfalfa and clover seed. Sales of these seed products are made largely through county extension organizations throughout the country.

The Effect of Relocation

Beltrami Island Farms was one of the first attempts to meet the problems of the tax-delinquent, stranded population on the submarginal cut-over land in the Great Lakes area. More recently, states have enacted zoning statutes which enable political subdivisions to discontinue all public services in areas declared to be submarginal and known to be a heavy drain on local public funds. In northern Wisconsin, 5,000,000 out of 14,500,000 acres in 23 counties were zoned off as unfit for farming, and the local governments have saved thousands of dollars as a result. In Minnesota a special survey conducted by an expert committee appointed by the Governor listed economies totaling \$900,000 a year that could be made possible by zoning off 12,000,000 acres in cut-over and submarginal regions and resettling 5,000 farmers.

Direct savings to local governments and taxpayers are only a part of the advantages of such a program of resettlement. The abandoned land is put to uses for which it is best suited, and is removed from an unproductive use. The relocated families are given a better opportunity to maintain decent living standards and to participate in community and cooperative activities. In the process of relocating, they are offered the best available technical advice and assistance, which helps them become more stable and successful farmers.

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